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TO RUEHC/SECSTATE WASHDC PRIORITY 9738  
INFO RUCNSAD/SOUTHERN AFRICAN DEVELOPMENT COMMUNITY  
RUEHUJA/AMEMBASSY ABUJA 1150  
RUEHAR/AMEMBASSY ACCRA 0982  
RUEHDS/AMEMBASSY ADDIS ABABA 1154  
RUEHBY/AMEMBASSY CANBERRA 0414  
RUEHDK/AMEMBASSY DAKAR 0774  
RUEHKM/AMEMBASSY KAMPALA 1208  
RUEHNR/AMEMBASSY NAIROBI 3552  
RUEHFR/AMEMBASSY PARIS 0980  
RUEHRO/AMEMBASSY ROME 1608  
RUEHBS/USEU BRUSSELS  
RUEHGV/USMISSION GENEVA 0553  
RHEHNSC/NSC WASHDC  
RUCNDT/USMISSION USUN NEW YORK 1365  
RUEKJCS/JOINT STAFF WASHDC  
RUEHC/DEPT OF LABOR WASHDC  
RUEATRS/DEPT OF TREASURY WASHDC  
RUEKDIA/DIA WASHDC//DHO-7//  
RUCPDOG/DEPT OF COMMERCE WASHDC  
RUFOADA/JAC MOLESWORTH RAF MOLESWORTH UK//DOOC/ECMO/CC/DAO/DOB/DOI//  
RUEPGBA/CDR USEUCOM INTEL VAIHINGEN GE//ECJ23-CH/ECJ5M//

UNCLAS SECTION 01 OF 03 HARARE 000310

SIPDIS

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AF/S FOR B. NEULING  
NSC FOR SENIOR AFRICA DIRECTOR C. COURVILLE  
STATE PASS TO USAID FOR M. COPSON AND E. LOKEN  
TREASURY FOR J. RALYEA AND B. CUSHMAN  
COMMERCE FOR BECKY ERKUL

E.O. 12958: N/A  
TAGS: [ASEC](#) [ECON](#) [EFIN](#) [ELAB](#) [ETRD](#) [PGOV](#) [PHUM](#) [ZI](#)  
SUBJECT: ZIMBABWE - INPUT FOR 2006 REPORT ON AGOA

REF: STATE 026707

1. Zimbabwe continues to fall short of AGOA's qualifying criteria. Post's input for the annual AGOA report (reftel) follows:

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Economy  
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2. The government has an interventionist approach to the economy and Zimbabwe is generally unwelcoming to foreign investment. Private sector confidence is waning in the face of poor governance and the erosion of property rights. The government has sanctioned seizures of privately owned agricultural land without compensation, and changed the constitution in 2005 to transfer ownership of expropriated agricultural land to the government without recourse to the courts. Subsidies provided by the Reserve Bank of Zimbabwe (RBZ) in the form of cheap or even free foreign exchange for fuel, grain, and electricity are the main driver of inflation, which surpassed officially 600 percent in January 2006 (but unofficially was well in excess of 1000 percent). There was no progress in 2005 in privatizing parastatals, and the number and size of price controls is unabated.

3. The RBZ continues to control exchange rates at unrealistic levels, ensuring scarcity of legitimate forex and fuelling a parallel market in which the value of the Zimbabwe dollar continued to plummet in 2006. Among numerous barriers to trade are exchange requirements for exporters and high duties for importers. Zimbabwe's IMF voting rights remain suspended and the GOZ has shown no political will to

implement the comprehensive package of macroeconomic policies and structural reforms required for their restoration and to become eligible for IMF financing.

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Politics  
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¶4. The ruling ZANU-PF party applies increasingly repressive tactics to perpetuate its rule. The opposition and civil society operate in an environment of state-inspired intimidation. Following a parliamentary election in March 2005, which international observers deemed neither free nor fair, the ruling party now controls enough seats to change the country's constitution at will. The next national elections are due in 2008, but the government has publicly contemplated extending President Mugabe's term until 2010.

¶5. Government efforts to influence and intimidate the judiciary have seriously eroded the rule of law. The government and ruling elite have ignored numerous adverse judgments, including especially with respect to the taking of private property, and senior officials have reiterated publicly that court orders that are not politically acceptable to the ruling party will not be honored.

¶6. There is widespread corruption in government, including the ongoing redistribution of expropriated commercial farms to ruling party elite, privileged access to limited foreign exchange and fuel, and the distribution of new housing plots to mostly civil servants, security forces, and ruling party supporters. In 2005 the government enacted an Anti-Corruption Act, which established a government-appointed

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Anti-Corruption Commission; however, it includes no members from civil society or the private sector. The government also established the Ministry of State Enterprises, Anti-Monopolies, and Anti-Corruption to investigate and raise awareness about corruption, but government officials and police lack sufficient political backing to effectively investigate the corruption. Instead the government prosecutes individuals selectively, focusing on those who have fallen out of favor with the ruling party and ignoring transgressions by favored elite.

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Poverty Reduction  
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¶7. The government maintains several programs that ostensibly provide food or basic services to the poor. However, implementation of these programs is often influenced by politics, with areas represented by the opposition disadvantaged. Moreover, the programs had minimal effect compared to the general thrust of the government's economic policies, which have caused most Zimbabweans to grow progressively poorer over the past six years. The government's Operation Murambatsvina, or "Drive out the Trash," destroyed the homes and livelihoods of hundreds of thousands of Zimbabweans in 2005. Human development indicators that were once among the best in sub-Saharan Africa have deteriorated sharply and Zimbabwe now lies in the bottom 30 of 177 countries in the world. Zimbabwe has not finalized a Poverty Reduction Strategy Paper.

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Human Rights/Labor  
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¶8. The government's human rights record is among the worst in the world. Operation Murambatsvina was the most serious of many violations in 2005. In its aftermath, the government compounded the suffering by blocking the efforts of NGOs to provide emergency relief.

¶9. Security forces selectively harass, beat, and arbitrarily

arrest opposition supporters and critics within human rights organizations, the media, and organized labor. The government has strengthened laws restricting freedom of assembly, speech, and press.

¶10. The government is a signatory to ILO conventions 29 and 105 and conventions protecting worker rights, although the world body recently designated Zimbabwe as a "notorious country" for its continued attempts to limit workers' right to organize and hold labor union meetings. The government has stepped-up harassment of the Zimbabwe Congress of Trade Unions (ZCTU) and its leadership, and threatened to eliminate the ZCTU. It has taken steps to marginalize the traditional unions and the formal labor dispute resolution mechanism.

¶11. The growing rate of unemployment has reduced the number of children employed in the formal sector, but informal child employment has increased as more children work to fill the income gap left by ill, unemployed, or deceased relatives. The minimum age for light work, other than apprenticeship or work associated with vocational education, is 15 years. The government has ratified ILO conventions 138 and 182. There is no compulsory education, and the government's commitment

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to children's rights and welfare is weak.

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